

Staff Report

TO: Board of Directors

FROM: Jennifer Hanson, General Manager

DATE: June 7, 2022

SUBJECT: Plan for Water, Proposed Strategic Planning Process

ADMINISTRATION

RECOMMENDATION:

Provide input regarding the proposed Strategic Planning Process.

BACKGROUND:

Strategic planning is the foundation from which a healthy sustainable agency is built. Strategic planning is not a one-time effort but an ongoing commitment to setting forth the District's course, bringing together stakeholders to examine current realities, and defining the vision for the future. The District's 2022 Strategic Planning process will examine the District's strengths and weaknesses, resources, industry and market data, and potential threats and opportunities. During the process, the District will create a vision, articulate its purpose and mission, and set forth strategic goals that are long-term and forward-focused.

The District's last Strategic Plan was completed in 2016. The Strategic Plan included a Mission Statement, District Goals, and Actions. The Mission Statement included in the 2016 Strategic Plan is below:

Mission: *"The District will provide a dependable, quality water supply; continue to be good stewards of the watersheds, while conserving the available resources in our care."*

The 2016 Strategic Plan (Attachment A) also included four District Goals:

1. *The continued health of the District is dependent upon the proactive management of our physical, financial, and human resources.*

2. *Stewardship of District resources requires a collaborative and responsive relationship with our Local and Regional communities.*
3. *Developing and managing our resources in a self-determining manner protects and provides for local control of our community's most valuable assets – a fairly priced and available water supply.*
4. *We believe the integration of proven practices and technologies enhances efficiency and reliability throughout the District.*

In 2019, the District initiated a new strategic planning process that was not completed, in part, due to the COVID-19 Pandemic. The 2019 effort included five public works shops that were held on September 3, 2019, September 17, 2019, December 9, 2019, December 10, 2020, and March 5, 2020. At the end of the 2019 effort, the Board had tentatively identified a Mission, Vision, and Values for the District. These are identified below:

- **Mission:** *Our Mission is to provide a dependable, safe, sustainable, and resilient water supply recognizing that power generation and recreation are critical components of our operations. We will be good stewards of our watersheds.*
- **Vision:** *“Our Vision is to promote healthy watersheds and reliable infrastructure that support our environment, treated and raw water customers, power reliability, and recreation to sustain our quality of life, now and into the future.”*
- **Values:**
 - *Safety is integrated into our culture and is the first priority among all aspects of our work.*
 - *Operate the District Finances with strong fiscal responsibility and transparency to ensure that NID's finances are spent on those activities that support the mission and vision of the District.*
 - *Maintain healthy watersheds through the implementation of Best Management Practices in collaboration with our strategic partners.*
 - *Make decisions that serve the best interests of District ratepayers*
 - *Maintain and foster a viable workforce through sustainable compensation packages and a stable work environment*
 - *Inform, educate, listen to and collaborate with our communities in our*

endeavors and activities with honesty and integrity

2022 PROPOSED STRATEGIC PLANNING EFFORT:

Based on direction received from the Board and consistent with good organizational management practices, the District will begin a new strategic planning effort in 2022. Although this effort will leverage as much of the previous work as possible, the process will revisit each one of the main components to allow for the Board to have input, to take into consideration new data and environmental considerations, and to re-engage the public.

This new effort will be completed as part of the Plan for Water process but will be a standalone document once completed. The District's adopted Strategic Plan will inform the completion of the PFW and will also be utilized for future budget and master planning efforts. The effort will be multi-phased and will generally include the following activities:

Phase 1 Determine Current Strategic Position

In order to develop a long-term strategic plan, it is imperative that time be spent reviewing the District's current strategic position. This will be a multi-phased effort that will review the District's existing strategic plan, complete an environment scan, and will complete a details analysis of strengths, weaknesses, opportunities, and threats (SWOT). Each phase of the effort is summarized below:

- Phase 1.A Review Existing Strategic Plan: The first phase of the District's strategic planning cycle will start with the determination of the District's current strategic position. This will include an evaluation of the existing strategic plan -- including the Mission statement and long-term strategic goals -- to perform assessments of the organization and its environment. It should be noted that this effort is intended to develop a common understanding of the District's current position under the existing strategic plan and it is recommended that this be completed for informational purposes. The public may provide input during this phase by providing verbal or written feedback.
- Phase 1.B Environment Scan: In order to better understand where the District is at organizationally, it is imperative that an environmental scan be completed. This scan should include review of data pertinent to the District's well-being and success. Some of this information will be covered in the risk stage of the PFW. Below is a summary of the type of data points that will be reviewed.
 - Historical revenue and expenditure trends by program area

- Expense increase trends
 - Reserve trends
 - Rate history
 - Property tax data
 - Capital program expenditures
 - Outstanding debt
 - Labor costs
 - Technology investment needs
 - Amount and average age of infrastructure
 - Customer data
 - Water use by area and customer type
 - Staff recruitment and retention
 - Employee retirements
- Phase 1.C Strengths, Weaknesses, Threats, and Opportunities (SWOT) Analysis: An analysis of the District's strengths, weaknesses, opportunities, and threats will provide a balanced view of the organization and the world in which it operates. Strengths and weaknesses are internal to the District, while opportunities and threats are external to the District. Completion of the SWOT analysis will facilitate the following:
 - Understanding the District's competitive advantages & disadvantages
 - Finding things to improve about the District
 - Understanding why some aspects of your organization are struggling
 - Gaining insight on competitor activity
 - Prioritizing actions

In order to have a well-rounded SWOT analysis, the following types of groups and stakeholders will be invited to provide their own SWOT analysis of the District and will be asked to present the information to the Board in a public meeting.

- Agricultural representatives
- Non-governmental organization stakeholders
- Building and contractor agencies
- Business interests
- City and County partners
- Homeowner's associations
- Mutual water companies

To obtain input from the public that are not represented by one of the categories above, general surveying will be completed to better understand community priorities and concerns.

In addition to outside entities providing SWOT analysis, staff will work together to collectively provide one SWOT to the Board that synthesizes and updates the individual Department SWOTs that were provided during the 2019 effort.

Once the SWOT presentations are complete, the Board will work with input from staff and the public to identify a final SWOT that will be utilized as the basis to develop strategic priorities.

Phase 2 Develop Vision and Mission Statement

The District's Vision Statement should be a big-picture statement of what the District wants to achieve in the future. While the Mission Statement should be a general statement of how the stated vision will be achieved. The vision and mission will guide the District's everyday activities and the setting of policy and budget. The statements of vision and mission should be simple, concise, and easy to remember. This phase of planning will include the following:

- Phase 2.A Vision Statement: To establish the vision and mission statements, a review of the 2016 Mission Statement, the proposed 2020 Mission and Vision Statements, and review of other water agencies' Vision and Mission Statements will be conducted. From there, the Board, with input from the public and staff, will complete a guided brainstorming activity to serve as the basis for developing a Vision Statement that conveys the Board's and the community's hope for the future. The inputs from the brainstorming session will be coalesced into a simple, yet powerful Vision Statement that will ultimately be adopted by the Board.
- Phase 2.B Mission Statement: Once the Vision Statement is developed, the District's Mission Statement will be developed. The Mission Statement should describe what the District is going to do and why. The Mission Statement is more action-oriented than the Vision Statement and should serve as a basis for achieving the future visions. Additionally, a Mission Statement is based on the present and should convey why the District exists to staff and the external community.

As with the development of the Vision Statement, the work required to develop the Mission Statement will be based on previous planning efforts completed by the District and another brainstorming exercise. This will be done in teams that include both Board members and staff, with the public and stakeholders being allowed to provide input during the process. Once

the brainstorming session is complete, the results will be coalesced into a single Mission Statement that will ultimately be adopted by the Board.

Phase 3 Values

As stated previously, District values were developed during the 2020 planning effort. Values are important for strategic planning because if everyone has the same values, and purpose when they come to work, then they are going to be working toward the same goal, regardless of what the strategic plan is. When there is value alignment between the Board and staff, it is much easier to implement strategic priorities and stay on target for making progress towards achieving the District's Vision.

Values are intended to be core beliefs and guiding principles that are adhered to no matter the strategy that is being implemented. The District's values will ultimately be a litmus test for strategic priorities that are undertaken. If a priority does not align with the District's stated values, it is a good indication that implementation of the strategy may not ultimately be in the District's best interest or a misuse of public funds.

In order to develop a list of core values, the values established during the 2020 planning effort will be reviewed. Then an exercise will be completed that compares current values (those perceived or are in practice) to desired values and behaviors that will support the District's Mission and Vision. From this exercise, a final list of values will be prepared and ultimately adopted by the Board.

Phase 4 Strategic Priorities

Once the final SWOT is complete, the analysis will be utilized to develop long-term strategic priorities for the District. The intent is to develop strategies that maximize the positive influences on the District, while minimizing the negative ones. This is largely completed by looking at weaknesses and threats and identifying strengths and/or opportunities to avoid or minimize them. Once the evaluation is complete the strategies will be evaluated in terms of priority, whether or not the strategies are consistent with the District's stated values, whether the priorities assist the District with serving its mission, and finally whether or not the strategic priority will assist the District with obtaining the ultimate vision identified for the organization.

It should be noted that Strategic Priorities are not detailed goals. Strategic Priorities are areas of agreed-upon focus for the implementation period. Identified Strategic Priorities will be utilized as a basis for determining what to do and what not to do when completing the Plan for Water Process, establishing master plans for infrastructure, operations, or watershed management, for dedicating resources,

and as a basis for funding decisions during the annual budget process. As such it is important that the strategic priorities are specific and serve the greater purpose of moving the organization forward.

Without agreed upon Strategic Priorities, time and money are often wasted on endeavors that do not support the District's Mission or Vision. Prioritization will help the Board and staff focus and ultimately accomplish the most important parts of the strategic plan. Strategic Priorities should be limited and streamlined, so that a clear set of priorities can be focused on by the Board and staff. Once the list of Strategic Priorities is developed, they will be adopted by the Board.

Once the District has approved Strategic Priorities, goals will ultimately be identified by the Board and staff on an annual basis in support of implementing the Board's adopted Strategic Priorities. Annual goals are tangible actions that can be taken and measured that when collectively implemented and result in the achievement of a stated Strategic Priority. It is anticipated that goals will be completed outside of the PFW process and will be aligned with the District's annual budget process.